

to attack as fraudulent preferences. If, therefore, there is any distinction on this ground between a payment into Court and an attachment before judgment, such distinction would again operate to strengthen the argument in favour of a plaintiff who has obtained an order under Section 689 being a secured creditor.

It is also to be observed that property attached under Section 689 may be released under Section 690 upon the defendant giving such security as may seem just. If such security were provided by a payment into Court, the plaintiff would immediately become a secured creditor by virtue of the English decisions apart from the wording of Section 689 and it is difficult to see why a different result should follow merely because the defendant has made no application under Section 690.

I would, therefore, allow the appeal and direct payment out of Court to the plaintiff of his claim and taxed costs so far as the money in Court may extend. The plaintiff is also entitled to his costs both here and below against the second defendant.

Appeal allowed.

Solicitors for the Appellant—

Donaldson & Burkinshaw.

[ORIGINAL CIVIL JURISDICTION]

WEBSTER AUTOMATIC PACKETING

FACTORY LTD.....Plaintiffs

vs.

CHOP KIM LEONG THYE.....Defendants

[SINGAPORE SUIT No. 369 OF 1932]

Trade Marks—passing-off—False representation—whether relief by injunction granted.

Where a trade mark itself contains a false representation calculated to deceive the public or if the trade itself is fraudulent, no action can be maintained to restrain the imitation of such a mark. When, however, the misrepresentation is merely collateral and the defendant is himself guilty of misrepresentation the plaintiff is not deprived of his remedy.

In a case, where the plaintiffs had stated on their labels that their tea was "specially packed in Ceylon by the growers"—a statement which was partially untrue, because they were not the growers and when the defendants had made on their labels a similar statement every word of which was false as the defendants' tea was grown in China:—

Held, that such false misrepresentation on the part of the plaintiffs being collateral and the defendants having been guilty of a glaring misrepresentation, the plaintiffs were entitled to an injunction.

The facts and arguments are related in the Judgment below.

H. R. S. Zehnder, for the plaintiffs.

Campbell, for the defendants.

Cur. Ad. Vult.

7-12-1932

TERRELL, J.—The plaintiffs are a company incorporated in Ceylon and the manufacturers of a tea known as Spring Leaf Tea. This tea is manufactured both in leaf and dust form. The tea with which this case is concerned is tea dust.

This tea is contained in packets of three sizes containing respectively 6 lbs., 3 lbs. and 1 lb. The plaintiffs' tea sold in this form has had a reputation on the local market since at all events the year 1918.

The defendants have since January, 1931, sold a brand of tea dust called Golden Dragon tea. This tea is also sold in packets of 6 lbs., 3 lbs., and 1 lb. As soon as the defendants' tea was put on the market the plaintiffs' local agents, F. A. Bartholomeusz Limited, wrote on the 5th January, 1931, protesting that the general get-up of the defendants' packages closely resembled the plaintiffs' packages, and asking for the usual undertaking. It is clear therefore that the plaintiffs asserted their rights at the earliest opportunity.

As to the merits little need be said. I have rarely seen a more deliberate and barefaced attempt to pass off goods as those of a rival trader. The get-up of the 6 lb. and 3 lb. packets is identical—there is the same red paper cover, and the labels are in the same place and are of the same size. The so called dragon on the defendants' label is so devised that at a small distance it looks like a leaf. The plaintiffs' device contains representations of medals which the tea is said to have won at the Paris Exhibition of 1900 and the Chicago Exhibition of 1893. The evidence did not go far enough back to establish these facts but there is no reason to suppose that they are untrue. The defendants do not commit themselves to alleging that they won any particular medals, but in places corresponding to the medals on the plaintiffs' device are representations of what might be taken for medals presented at exhibitions. The only possible object of these medals must be to enhance the similarity of the designs.

Perhaps the most significant similarity is the statement that appears on both plaintiffs' and defendants' packages in the following terms:—

"Specially packed in Ceylon by the growers."

This statement is the foundation of the defendants' defence as it is admitted that plaintiffs are not the growers. I will deal with this aspect of the case later. On the issue of 'passing off' it is to be observed that it is admitted that the defendants' tea is wholly manufactured in China, and there can be no possible excuse for adopting from the plaintiffs' packets a statement which is only partially true in the case of the plaintiffs but a direct and

glaring misrepresentation in the case of the defendants. The defendants were well advised not to give evidence when cross-examination might have elicited some interesting information. The similarities between the 1 lb. packets are slightly different but equally obvious. All that counsel could point to was that two of the six sides in the defendants' packets are tin foil while in the case of the plaintiffs' they are red paper. It is difficult to understand why the defendants should have troubled to make even this difference when the other similarities are so obvious.

I have no doubt, therefore that *prima facie* the plaintiffs are entitled to the relief claimed.

But it is argued by the defendants that the misrepresentation of the plaintiffs in stating that they are the 'growers' and in another place that "they export these world-renowned Teas direct from their own gardens" are such misstatements as disentitle the plaintiffs to any relief at all. The foundation of the defendants' argument is the maxim '*ex turpi causa non oritur actio*.' The principle as applied to passing off cases is that the Court will not interfere if there is a false representation in the trade mark itself or if the trade is fraudulent (see *Ford v. Foster* L.R. 7 Ch. App. page 611).

Now the cases on which the defendants rely are *Pidding v. How*, 8 Simons, page 477 (the Howqua Tea case), *Perry v. Truefitt*, VI Beavan, page 66 (the Mexican Balm case) *The Leather Cloth Company v. The American Leather Cloth Company*, 11 H.L.C. page 523; *Ford v. Foster*, L.R. 7 Ch. App. page 611 (The Eureka Shirt case), and *Cropper Minerva Machines Co., Limited v. Cropper, Charlton & Co., Limited and others*, 23 R.P.C. page 388.

The first two cases were decided before Sir John Rolt's Act and accordingly the remedy of injunction granted by the Court of Chancery was ancillary to the relief obtainable in a Court of Law. In *Pidding v. How* the plaintiff sold tea under the name of 'Howqua's mixture.' The plaintiffs' labels and advertisements represented that the mixture was made by one Howqua in Canton and was purchased by the plaintiffs from Howqua in the packages in which it was sold, that it was grown in only one province in China namely Kyang Nam, and that it could not be procured in England at any price. All these statements were untrue, the tea having been purchased and the mixture made in England. The Court refused an injunction.

In the case of *Perry v. Truefitt*, the plaintiff sold a greasy composition for the hair called 'Medicated Mexican Balm.' The defendant, a rival hairdresser and perfumer, subsequently commenced selling a greasy composition similar to that of the plaintiff and with labels closely resembling those used by the plaintiff. The plaintiff in his advertisement of this preparation

stated "This admirable composition is made from an original recipe of the learned J. F. Von Blumenbach and recently presented to the proprietor by a very near relation of that illustrious physiologist." In fact the preparation had been invented by a Mr. Leathart who had sold the prescription to the plaintiff. There was no evidence that the prescription was in any way derived from Mexico and in this case also the Court refused an injunction.

In the case of the *Leather Cloth Company v. American Leather Cloth Company*, 11 H.L.C. page 523, the grounds of the Lord Chancellor for refusing an injunction, a decision which was approved in the House of Lords, are given on page 532 of the report:—

"The ground on which his Lordship proceeded was that the trade mark used by the Appellants is so constructed and worded as to contain more than one false assertion calculated to mislead those who rely upon it; that it represents the articles stamped with it as being the goods of the Crockett International Leather Cloth Company; that these goods had been manufactured by J. R. and C. P. Crockett; and that they were tanned leather cloth. The Lord Chancellor was of opinion that to give protection to such a trade mark, when affixed to goods not of the International Leather Cloth Company, not manufactured by J. R. and C. P. Crockett, and not consisting of tanned leather cloth, would be to make the Court of Chancery ancillary to the protection of fraud; and that it would or might enable manufacturers and sellers of goods to secure custom to themselves, by falsely leading purchasers to believe that they were buying something different from that which the trader was in fact selling."

This decision is explained in the case of *Ford v. Foster*, L.R. 7 Ch. App. page 611. The defendant in that case argued that the plaintiff could not succeed because he had in his advertisements of 'Ford's Eureka Shirts' stated that he was the 'patentee' whereas he was not protected by any patent. At page 633 Mellish, L.J. states as follows:—

"The only decision which can be cited as an authority is the *Leather Cloth Company v. American Leather Cloth Company*, where, no doubt, Lord Westbury and Lord Kingsdown appear to say that false representations of this kind might be an answer to a suit in equity. But that was plainly a case where the misrepresentation was in the trade mark or label itself, and I have carefully read through the judgments of Lord Kingsdown and Lord

Westbury, and it appears to me that they had simply that question before them, and they had not at all present to their minds the question which we have to decide, namely, whether a collateral misrepresentation would be an answer to an action at law; and if it be not an answer to an action at law whether it could be an answer to a suit in equity. I have therefore come to the conclusion, on the second ground also, that it constitutes no reason why the plaintiff should not maintain a suit in this Court."

The conclusion to be drawn from these cases is that when the trade mark itself contains a false representation calculated to deceive the public, or if the trade itself is fraudulent, no action could be maintained (see per Mellish, L.J. in *Ford v. Foster* at page 631), but when the misrepresentation is merely collateral the plaintiff is not deprived of his remedy.

Now, in the case now before the Court I think that the representation that the tea is grown by the plaintiffs and came from their own gardens is a collateral misrepresentation. Certainly the trade is not fraudulent. The statement that the tea is grown in Ceylon is true, and I do not think it matters very much to anyone whether it is grown in the plaintiffs' own gardens or not.

The only other case cited to me was the *Cropper Minerva Machines Company Limited v. Cropper, Charlton & Company Ltd.*, 23 R.P.C. page 388. At page 394 the following passage occurs:—

"In this case the plaintiffs have deliberately put on advertisement after advertisement, that they are the old and original firm, and they have stated in one of the advertisements that they have carried it on for 50 years (I think it is), the Company having been incorporated in 1895. It is quite true that in this particular advertisement which I have before me, in the 'Printers' Register' of December 6th, 1899, there is, in the centre, a triple disc—three small discs which are not very easy to read, and in faint letters underneath 'Successor to,' but the thing that catches the attention of the reader, and the thing that is intended to catch his attention, is the misleading expression, 'The old and original firm.' I think the plaintiffs will do well to alter that advertisement before they come into this Court and attempt to obtain an injunction against anybody else."

Now, on examination of this case it will be found that the observation quoted above was *obiter*. The action failed on its merits as the

plaintiffs could not prove what they set out to prove that the defendants were fraudulently attempting to pass off their goods as the plaintiffs'. The learned judge never definitely decided that he would have refused the plaintiffs relief if they could have proved their case merely because the advertisement of their goods contained a misstatement. I agree that in this case also the plaintiffs would be well advised to alter their labels. The statement that the tea is grown on their own gardens may or may not have been true in the case of their predecessors in title but it is certainly not true now, and nothing can be gained by putting such a statement on their labels.

I think also that there is another ground on which the defendants' submission must fail. I think that where a defendant who is himself at fault sets up against the plaintiff that the relief must be refused on the ground of the plaintiff's misrepresentation, the matter must be regarded as one in which before Sir John Rolt's Act the defendant was applying to the Court of Chancery to restrain the plaintiff's action at law. In other words, he is in the position of a plaintiff who must satisfy a Court of Equity that his own conduct is such that the Court would grant him the relief he claims. In the case of *Ford v. Foster*, 7 Ch. App. at page 632 Mellish, L.J. states that he is satisfied that a plea of misrepresentation on the part of the plaintiff would have been no defence in an action at law. He proceeds:—

"But where the trade is, as in this case a perfectly honest trade, and where the trade mark is, as in this case, a perfectly honest trade mark, I am clearly of opinion that there is no common law principle upon which it is possible to hold that the fact of the plaintiff having been guilty of some collateral fraud would be an answer to an action. It would be impossible to plead at law as a justification for the defendants' committing the fraud that the plaintiff had committed a fraud on someone else. Such a plea would be no answer to the action."

He then proceeds to inquire whether a Court of Equity would restrain the action at law on account of the false representations. He proceeds "All the authorities tend in that direction, and seem to hold that if an action at law will lie there will be a remedy in this Court by injunction. Indeed I do not see what equitable right the defendant could have to restrain such an action. He is simply a person who has committed a fraud himself, and who has no equitable right whatever."

Supposing that this procedure were open to the defendants they would be asking a Court of Equity to restrain the plaintiffs' action at law on

the ground that the plaintiffs had stated on their labels that the tea was "specially packed in Ceylon by the growers"—a statement only partially untrue because the important part of the statement, namely that it is grown in Ceylon, is perfectly true. But when it appeared that the defendants themselves had copied these very words on their own labels and that in their case, the tea having been grown in China, every word of the statement was untrue, there can be little doubt that the Court of Chancery would have treated the application with scant courtesy.

I think therefore that the plaintiffs are entitled to succeed. The plaintiffs do not claim an account but they are entitled to judgment in terms of paragraphs 1 and 2 of their claim and, in the absence of evidence on the subject, to nominal damages which I will fix at \$100. They will also be entitled to the costs of the action to be taxed on the higher scale.

Judgment accordingly.

Solicitors for the Plaintiffs—*Zehnder Bros.*

Solicitors for the Defendants—

John G. Campbell & Co.

[ORIGINAL CIVIL JURISDICTION]

A. R. HOLDEN & CO., LTD. Plaintiffs
vs.

1. SOH YIEW JIN
2. ONG TIANG SOON. Defendants

SOH YIEW JIN. Plaintiff
vs.

A. R. HOLDEN & CO., LTD. Defendants
[SINGAPORE SUITS No. 1148 OF 1931 & No. 79 OF 1932]

(Consolidated under Order of Court dated the 18th day of March 1932).

Master and Servant—service-agreement—material variation between oral and written agreements—termination of service—claim for wrongful dismissal—plea of mutual mistake.

Where a party alleges that a formal agreement signed by him did not carry out the intention of both parties he must prove that there was a prior agreement verbal or otherwise which did give effect to such intention. Rectification of the formal agreement is an essential part of the relief which he should have claimed if he could prove his allegation of mutual mistake.

In the absence of misrepresentation a mistake by a party to a contract as to the obligation he has undertaken when the contract has been reduced to writing gives no right to rescind.

Nor will relief be granted where ignorance of the obligation entered into was due to the negligence of the parties' legal adviser. In the case of a Solicitor acting for both parties failing to carry out their common intention equity might give relief where such solicitor has innocently misled them as to the legal effect of the document.

In February 1930 the Managing Director of the Plaintiff Company entered into an arrangement with S.Y.J. and O.T.S. whereby the Company was to order goods from England on the advice of S.Y.J. who was to

act as compradore and to be in charge of the same, undertaking responsibility for any bad debts and making himself answerable for half the loss suffered in the case of goods ordered on his advice and O.T.S. was to guarantee S.Y.J. against such bad debts. The verbal arrangement, embodied in rough notes, accompanying a letter written by the Managing Director to S.Y.J. was finally set out in two agreements of which one was a service agreement between the Company and S.Y.J. and the other an agreement of guarantee between the Company, S.Y.J. and O.T.S. The written agreements differed from the rough notes in various particulars, the most material variation being that whereas in the rough notes the period of appointment was stated to be for a definite period of 3 years with an option of continuing the same for a further period of 4 years by giving 6 months' previous notice before the expiration of 3 years, and the agreements of 14th March provided that the engagement was for 3 years subject to determination by either party giving to the other 6 months' previous notice in writing before the expiration thereof. The 1st defendant took up duties on 18th February, 1930 and continued business until 11th March 1931 when the Company gave him 6 months' notice determining the agreement. Prior to the execution of these agreements draft agreements were prepared by the plaintiffs' Solicitor and handed to S.Y.J. who discussed them with O.T.S. The latter instructed his Solicitor to approve the agreements on his behalf and on behalf of S.Y.J. The service agreement was duly approved by their Solicitor but no alteration were made therein. S.Y.J. continued to work until the expiration of the six months' notice and on the day following the termination of his services he protested through his Solicitor against his dismissal. O.T.S. the guarantor made no protests in the matter. On the 17th September 1931 S.Y.J. issued his writ in Suit No. 1148 of 1931 claiming damages for wrongful dismissal. The defendant contended that the service agreement was not binding in that he was under the impression that the period of service was for 3 years certain. In this action the plaintiffs counter-claimed in respect of cash advances made by them to S.Y.J. and there was no dispute regarding the counter-claim except as to *quantum*.

Held, (on the evidence) that, the mistake being unilateral, the 1st defendant was not entitled to the relief claimed and that the 2nd defendant was liable on his guarantee.

The facts and arguments are related in the Judgment below.

Walters, for the plaintiffs.

Campbell (Braga with him) for the first defendant.

Salt, for the second defendant.

Cur. Ad. Vult.
6-5-1932.

TERRELL, J.—In February, 1930, Mr. A. R. Holden the Managing Director of A. R. Holden & Co., Ltd. hereinafter referred to as the 'plaintiffs,' entered into negotiations with Soh Yiew Jin and Ong Tiang Soon, hereinafter referred to as the first and second defendants respectively. The arrangement proposed was that the plaintiffs should order goods from England and that the first defendant should advise them as to the goods to be ordered and act as compradore and be in charge of the sales, making himself responsible for any bad debts in connection with sales and for half the loss in the case of goods